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STATE FOR INR/IAA, PM, INL

E.O. 12958: N/A

TAGS: KMDR KPAO OPRC CI

SUBJECT: MEDIA REACTION - JUDICIAL RULING ON PIRACY

¶1. On January 31, conservative, influential newspaper-of-record "El Mercurio" (circ. 129,000) carried an editorial entitled, "Piracy and Tax Crimes." Quotes:

¶2. "The Supreme Court upheld the Tax Revenue System's (SII, in Spanish) reasoning and sentenced a salesman not just for piracy, but also for the sale and tax evasion of illegal products....

¶3. "The protection of IPR is an efficient mechanism to encourage innovation, whereby society gives creators a temporary monopoly...because the benefits from innovation, invention, and creation contribute to development.... The question that economists...are asking themselves is whether the extension of the protection of these rights is appropriate and whether there are other alternatives to encourage innovation but at a lower social cost. Exceedingly long protection periods prolong the inefficiency of monopolies.... In some technological areas, the cost of permits...has turned into a barrier for the entry of new companies with innovative ideas....

¶4. "But this...doesn't mean Chile must evade its formal commitments regarding IPR. Chile is already on the list of those who do not respect IPR in the United States and the European Union, and the absence of an effective control could lead to commercial sanctions in the future. A stroll through some streets in the city demonstrates that law exists on paper, but there is limited adherence to them. In this context, the Supreme Court's stricter decision and the will of the SII to punish the trade of illegally copied products is a good precedent for our commercial partners."

KELLY